Defense Logistics Agency

Aviation Logistics Conference 2006

"J-4 Improving Customer Support During Transformation"

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Agenda

- J-4 Customer Engagement Review
- Customer Support Performance Review
- DLA/Services Transformations
- Road Ahead

Customer Engagement Evolution

- 1964 Customer Support Representatives
- 1992 Central Distribution
- 1993 Emergency Supply Operations Centers
- 1993 Industrial Forecast Support Groups
- 1995 Combatant Commander Liaison Officers
- 1995 DLA Contingency Support Teams
- 1997 Weapons System Lead Centers
- 1997 Medical Prime Vendor
- 1998 Weapon System Support Manager
- 1998 Subsistence Prime Vendor
- 1999 Supplier Alliance Contracts

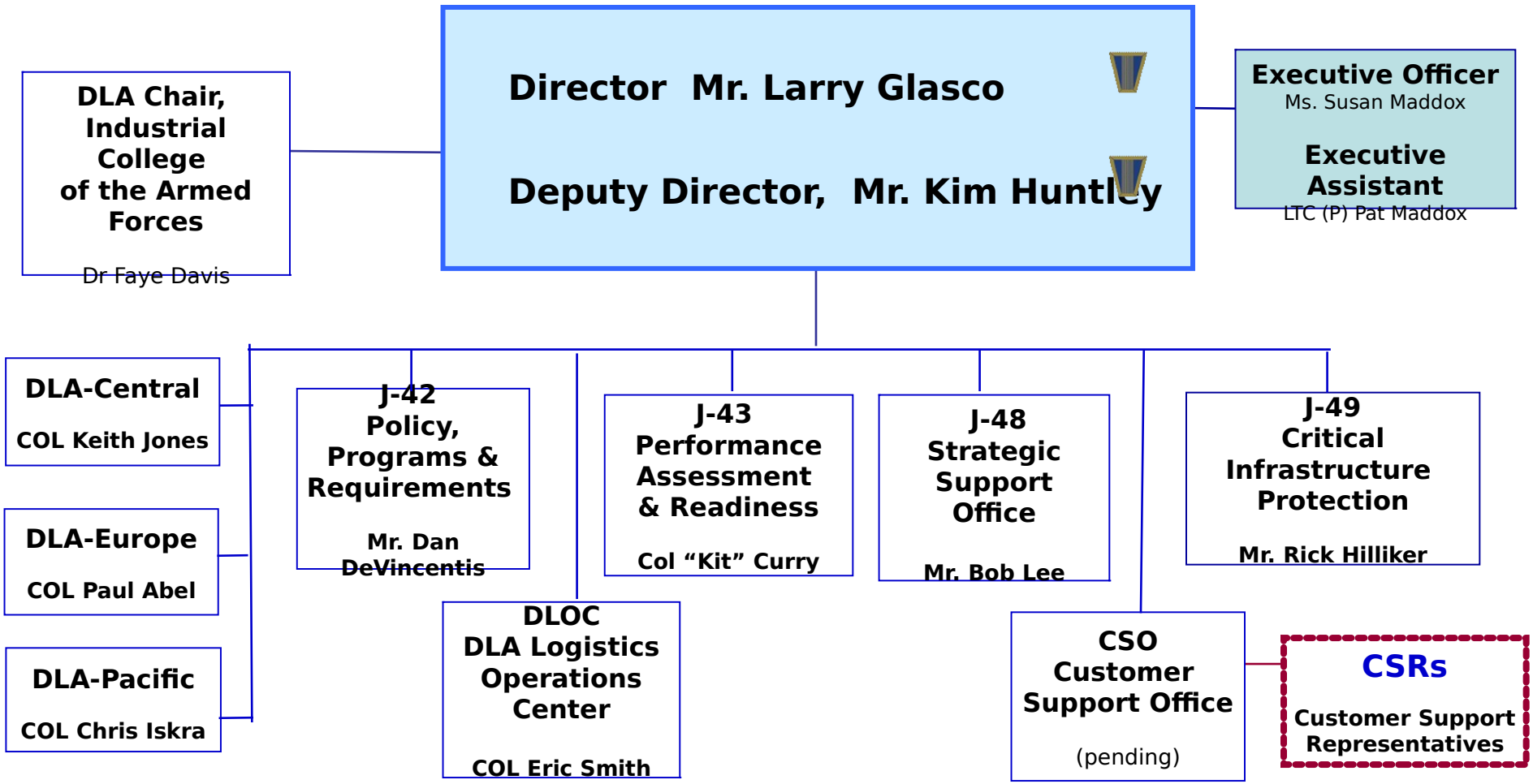
42 Years of Changing Products/Services/Organizations_

Customer Engagement Evolution

- 2000 National Account Managers Established
- 2002 Service Level Performance Based Agreements
- 2002 Customer Kitting
- 2003 National Inventory Management Strategy
- 2003 Distribution Pure Pallets
- 2003 DLA J-4 Stand up
- 2003 Customer Relationship Management (CRM) Program
- 2005 CRM Concept Demonstration
- 2008 CRM Full Operating Capabilit

42 Years of Changing Products/Services/Organizations

Customer Operations & Readiness (J-4)



Service Engagement

Army Team: Army 06 National Account Manager

- 26 Customer Support Representatives at Operational and Industrial Sites
  - HQ DA G4, HQ AMC, TRADOC, FORSCOM Installations, Depots

Navy Team: Navy 06 National Account Manager

- 21 Customer Support Representatives at Aviation, Maritime and Industrial
  - Depots, Shipyards, Air Stations, Fleet and Type Commanders

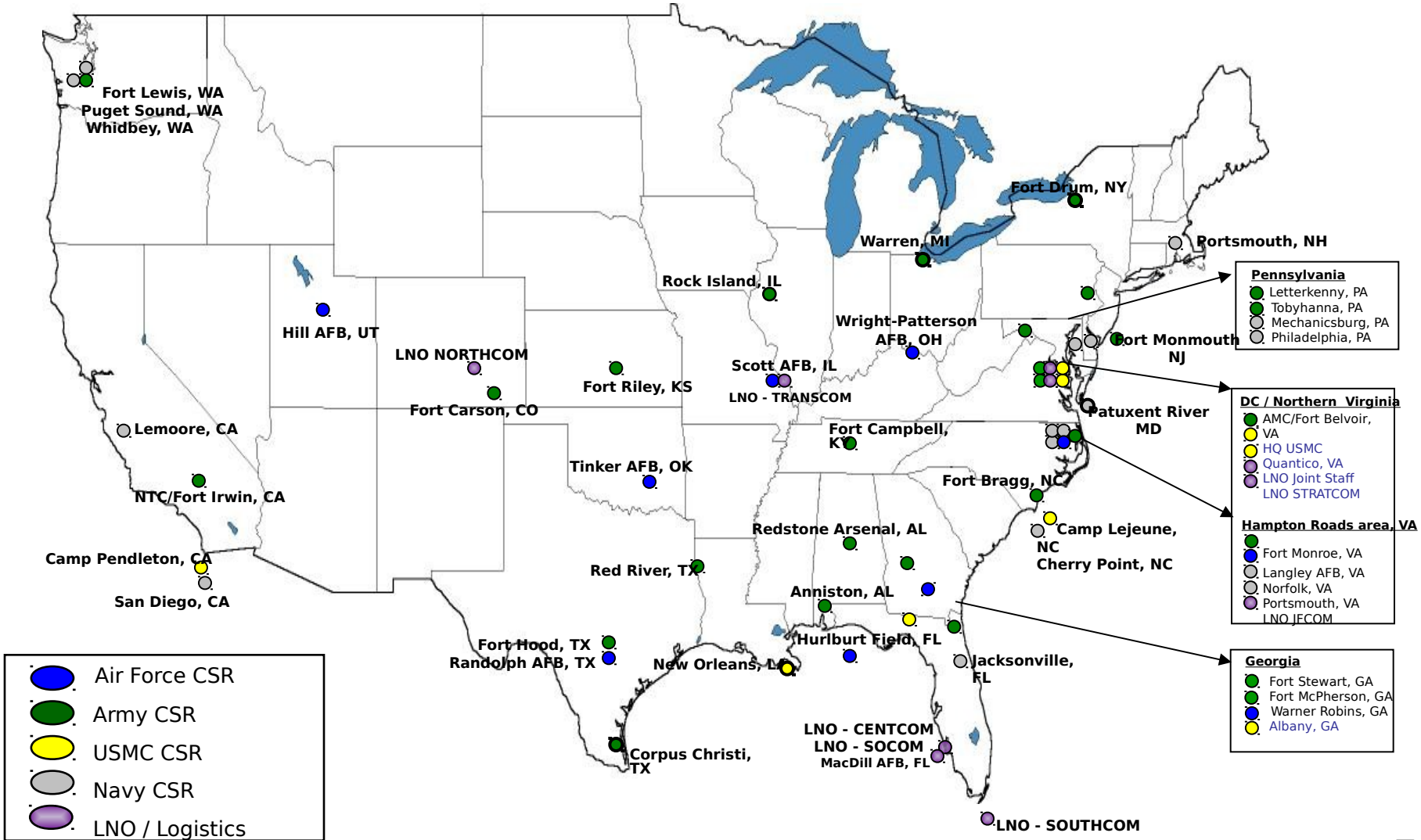
Air Force Team: USAF 06 National Account Manager

- 14 Customer Service Representatives at Industrial and Operational Sites
  - Air Logistics Centers, HQ USAF, Air Combat COmmand

Marine Team: USMC 06 National Account Manager

- 6 Customer Service Representatives at Marine Industrial and Operational S
  - Marine Expeditionary Forces, HQ USMC, Marine Systems Command

Customer Engagement - CONUS



Customer Engagement - OCONUS

Defense Logistics Agency - Europe

12 Offices
45 Personnel
• Liaison/planner at EUCOM
• Planners at USAFE, USAREUR and NAVEUR
• Customer reps at 10 sites – Germany, UK, Italy
• Area reps in Bosnia and Kosovo
• On-site, deployable logistics experts assist customers with DLA supplies and services

Defense Logistics Agency - Pacific

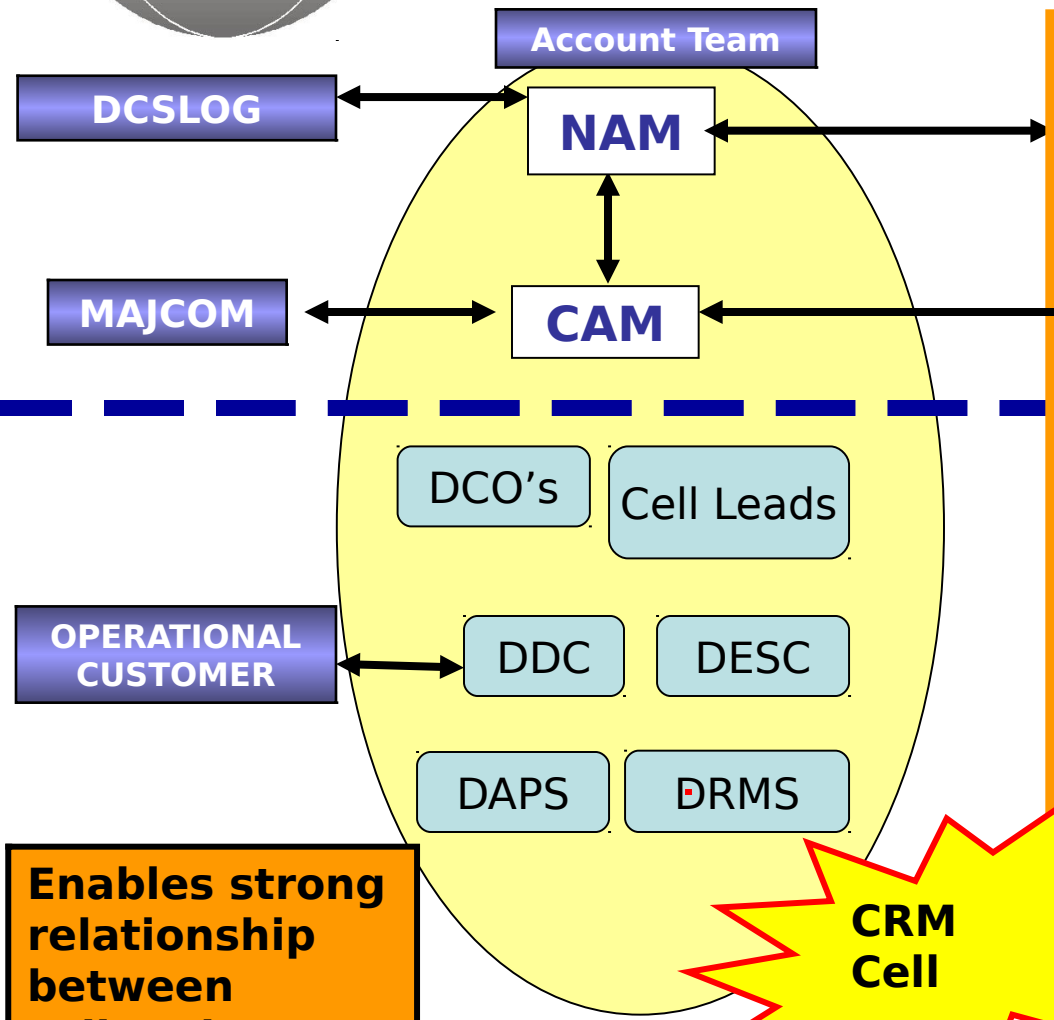
9 Sites located in two states and 2 countries
Hawaii, Alaska, Japan, Okinawa, Korea
• 26 Personnel
• AOR Covers 52% of Earth's Surface
• Contains the World's 6th Largest Armed Forces
Provide Contingency & Deliberate
• Planning and on-site Customer Support

• Liaison Officers at PACOM, USFJ and USFK

Defense Logistics Agency - Central

• 4 Theater sites (CONUS, Kuwait, Bahrain, Qatar) staffed by 10 personnel
• 3 Contingency support teams (Afghanistan, Iraq, Kuwait) staffed by 60-90 personnel (mission dependent)
• Provide EUCOM components and units a single POC for DLA support
• Single focal point for all DLA activities/contractors in Southwest Asia (e.g., Kuwait distribution depot, Kuwait DRMO yard, Bahrain fuels office, Subsistence Prime Vendors, MRO Prime Vendors)
• Liaison/planner at CENTCOM
• Customer Support Representatives with ARCENT-K/Q, CENTAF (FWD) and NAVCENT-B

CRM: What We Can Do Next



- We can use account management principles to structure NAM/CAM relationship with DCOs/Field Activities
- NAMs and CAMs have the lead on strategic engagement
  - Establish a formal process in which HQ and Field, NAM and DCO can engage together, like account teams
  - Ensure effective integration between strategic and operational
    - Requirements planning
    - Service Issues
    - Emerging Opportunities

Enables strong relationship between cell and strategic level

Performance Based Agreements

- **To Establish a Business Relationship and Define the Roles and Responsibilities of that Relationship**
- **To Improve Collaboration, Share Business Processes and Align DLA Strategic Objectives Around Our Customers**
- **To Define DLA Performance Within Specific Parameters Designed to Optimize Readiness**
- **To Measure DLA Performance Against Agreed Upon Metrics and Targets**

Performance Based Agreements

Signed Overarching Performance Based Agreements

- U.S. Army, G-4
- U.S. Marine Corps, Installations & Logistics
- U.S. Navy, N-4/NAVSUP
- U.S. Air Force, A4/AFMC
- EUCOM, DCG/J-4

Feedback-Loop

- Partnership Agreement Council (Quarterly)
- Service/DLA Flag/SES Quarterly Meetings
- Annual Service/DLA Days

Customer Support Performance Review

- Service Teams
  - Customer Intel
  - Performance Based Agreements
- Lead Center
  - Weapon Systems
  - Maintenance Depots

Navy Customer Intel

- **Demands … looking out for the next 120 days:**

  √ Navy is sending approximately 200 people to Fort Jackson every 2 weeks to complete a 2 week training program prior to embarkation for OIF/OEF. Upon completion, Navy personnel are issued DCUs and RFI kits. This personnel training/support requirement is expected to continue for the foreseeable future.

  √ J-3/J-4 collaborating with each supply chain to determine appropriate adjustments to Digital Demand Dial functionality with BSM … based on budgeting and scheduling info provided by OPNAV N41.

  √ Supply Officer USNS MERCY requested DSCP provide a Medical Logistics Support Representative to deploy with the ship during their upcoming humanitarian assistance mission.

- **MAY 3rd … J-4 CSO-N hosting next meeting of Partnership Council.**

- **JUN 13th … Navy/DLA Day 2006 … 1300-1700 in the CCR.**

- **Assessment of DLA overall performance under subsidiary Navy/DLA PBAs:**

√ Naval Aviation Depots PBA	**GREEN**	
√ Naval Shipyards PBA	**GREEN**	
√ Navy Hospital Ships PBA		**GREEN**
√ Trident SSBN/SSGN PBA		**GREEN**
√ Naval Nuclear Reactors MOA	**GREEN**	

Navy PBA

February data
Note: STA computation reflects legacy data only

Demand Chain	Orders	MA	STA*	Backorders (BB)	BB > 180 days
All Navy	388,283	91.78 %	77.52 %	78,843	15,709
Aviation	140,627	88.43 %	78.69 %	43,264	8,322
Land	16	87.50 %	100 %	16	12
Maritime	171,203	92.08 %	76.14 %	31,665	6,367
C&E	8,376	95.52 %	80.77 %	1,229	437
C&T	17,172	92.18 %	75.78 %	2,145	416
Medical	28,350	** 99.11 %	77.05 %	161	48
Subsistence	19,880	99.78 %	66.40 %	214	99
Weapon System	**Orders**	**MA**	**STA***		
02N - Strategic Weapons Systems	18,533	95.97 %	86.58 %		
21N - Nuclear Reactors Program	21,615	97.44 %	86.50 %		
23N - Ship, Ohio Class SSBN (Trident)	47,589	92.32 %	81.61 %		

* Initial Stock Availability, BSM & Legacy, DLA Direct. Expect final STA 5-10% lower.
** MA for Navy Medical Demand Chain adjusted to provide credit for orders satisfied thru PV arrangements.
NOTE: MA is not a metric included in the PBA, but it is included in the CSPR for purposes of comparison

Month to Month Change Assessment Arrows
GREEN: > 2.5% positive change from last month
RED: > 2.5 % negative change from last month
GREY: any change from last month considered

Source: DLA EIS/F067 portal

Aviation Army Level A Systems

	WSD C	Weapon System	Orders	MA	IPG1 BO	Readiness
Aircraft	05A	CH-47D	**29,869**	**92.9%**	**2,406**	**60.0**
	40A	UH-60A/L	**42,251**	**92.5%**	**3,152**	**75.0**
	61A	AH-64A/D	**29,146**	**92.8%**	**2,481**	**78.0**
	VHA	OH-58D	**24,394**	**93.4%**	**1,282**	**73.0**
Engines	CJA	T700-GE-700 (H-60)	**11,429**	**94.0%**	**576**	**N/A**
	BXA	T700-GE-701C (H-60)				**N/A**
	BYA	T700-GE-701 (AH-64)				**N/A**
	CCA	T55-GA-714A (CH-47)	**3,191**	**94.4%**	**358**	**N/A**
	CEA	T55-L-714 (CH-47)				**N/A**
	CKA	T55-L-712 (CH-47)				**N/A**
	CHA	T703-AD-700A (OH-58)	**526**	**96.6%**	**26**	**N/A**

Source: DLA EIS/F067 portal

Aviation
Navy Level A Systems

	WSD C	Weapon System	Orders	MA	IPG1 BO	Readiness
Aircraft	10N	F-14	**2,271**	**92.6%**	**145**	**16.6**
	16N	S-3B	**7,816**	**91.4%**	**859**	**20.4**
	17N	E-2C	**8,590**	**89.6%**	**1,130**	**23.8**
	43N	F/A-18 (A,B,C,D)	**27,406**	**89.1%**	**4,249**	**142.7**
	45N	EA-6B	**12,769**	**91.5%**	**1,566**	**32.3**
	55N	AV-8B	**7,269**	**88.9%**	**1,644**	**N/A**
	VUN	F/A-18 (E/F)	**5,332**	**89.5%**	**886**	**117.4**
	YLN	SH-60	**12,680**	**91.2%**	**824**	**65.6**
Engines	49N	J52 (EA-6B)	**1,886**	**95.9%**	**126**	**239**
	68N	F402 (AV-8B)	**1,503**	**93.0%**	**185**	**131**
	69N	F404 (F/A-18)	**4,460**	**93.4%**	**169**	**1034**
						410
	71N	TF34 (A-10, S-3B)	**2,925**	**94.2%**	**147**	**143**
	73N	T56 (C-130, E-2C)	**11,048**	**93.2%**	**401**	**333**
						161
	77N	T700 (SH-60)	**11,429**	**94.0%**	**576**	**839**

Source: DLA EIS/F067 Portal Feb 06

Aviation
USAF Level A Systems

	WSD C	Weapon System	Orders	MA	IPG1 BO	Readiness
Aircraft	04F	B-52	**10,492**	**85.79%**	**2,330**	**71.8**
	05F	KC-135	**26,226**	**87.63%**	**3,766**	**72.6**
	06F	C-130	**26,968**	**89.38%**	**2,037**	**73.5**
	11F	C-5	**15,473**	**85.51%**	**2,884**	**55.6**
	19F	F-15	**32,876**	**86.61%**	**5,561**	**76.8**
	24F	A-10	**13,712**	**88.86%**	**2,081**	**71.9**
	25F	E-3A	**11,656**	**87.65%**	**2,211**	**76.0**
	26F	F-16	**34,266**	**87.23%**	**3,648**	**76.4**
	56F	B-1	**6,447**	**88.24%**	**1,255**	**66.6**
	75F	HH-60G	**5,411**	**90.7%**	**341**	**65.8**
	ATF	AC-130H/MC	**20,163**	**88.97%**	**1,530**	**75.7**
	DTF	C-17A	**2,262**	**84.31%**	**129**	**82.5**
	DUF	MH-53J/M	**3,978**	**89.5%**	**248**	**72.9**
	FMF	B-2	**2,667**	**92.35%**	**136**	**46.2**

Source: DLA EIS/F067 portal

Aviation Maintenance Depots

DODAAC	Maintenance Depot	Orders	MA	BO (BB)	Impact
W45N7V	CORPUS CHRISTI ARMY DEPOT	4,354	89.48%	1,830	
N65923	NADEP CHERRY POINT	6,630	89.59%	3,240	
N65886	NADEP JACKSONVILLE	6,183	90.59%	2,669	
N65888	NADEP NORTH ISLAND	7,217	79.85%	4,113	
FB2039	OKLAHOMA CITY ALC	21,063	85.51%	9,459	
FB2029	OGDEN ALC	25,059	84.33%	14,681	
FB2065	WARNER ROBINS ALC	16,145	88.29%	7,132	

- NADEP and ALC include Industrial Prime Vendor (IPV) demands:
  - SD0662, SAIC, NADEP CHERRY POINT
  - SD0661, SAIC, NADEP JACKSONVILLE
  - SD0660, SAIC, NADEP NORTH ISLAND
  - SD0519, SAIC, OKLAHOMA CITY ALC
  - SD0526, SAIC, OGDEN ALC
  - SD0520, SAIC, WARNER ROBINS ALC

Source: DLA EIS/F067 portal

Transformation Management

	Business Systems	Organizational	LEAN	BRAC	Declining Dollars $
ARMY	LMP/SAP	USAREUR, IMA, ASC, ARFORGEN MODULARITY	YES	YES	Industrial SUPPLEMENTALS
MARINE CORPS	GCSS ORC	MARSOC	YES	YES	RESET
NAVY	SAP	CNI, FISC NAVEUR, HSC	YES	YES	Flying Hours
AIR FORCE	In SS	CIRF RSS/LSC ACC/AMC	YES	YES	Personnel
JCS COCOMS	IDE/AV RF	DDOC & JFSCC	N/A	N/A	N/A
DLA	BSM CRM SAP	CRM BSM	YES	YES	PDB 401

The Road Ahead

- **Review and align DLA Enterprise Customer Support Resources in synchronization with the Services' & DLA's Transformation**
- **Continue to be an active Partner, locked at the hip with customers at both the Strategic and Operational levels.**
- **Use our CRM Processes – Account Management – Service, Analytics, and the marketing principles of Communication, Awareness, and Training to improve customer support**
- **Work together from Legacy to Modernization**

Balance Today's Needs and Tomorrow's Business Models